

WEEKLY ECONOMIC REVIEW

September 14, 2007

New housing prices in Alberta rose by 20.7% in July from a year ago, down from the historical high of 52.2% recorded in August 2006. While Edmonton's new housing prices remained strong in July with a year-over-year increase of 38.4%, Calgary's prices continued to moderate, rising by 9.8%, the slowest gain in almost two years. Nationally, new housing price growth slowed for the eleventh consecutive month, as contractors' prices rose by 7.7% from July 2006.

Alberta's housing starts rose by 8.9% in August, the first gain since March 2007, as an increase in multiple-family starts offset a decrease in single-detached. This was also the case nationally, as housing starts rebounded in August to a larger-than-expected annual pace of 226,500.

Alberta manufacturing shipments rebounded by 1.3% in July following a 1.7% drop in June. Most of the strength came from gains in petroleum and coal products and machinery. Nationally, manufacturing shipments rose by 2.3% in July after a sharp 2.0% drop in June, as the motor vehicle industry rebounded 17.6%.

Canadian merchandise imports rose by 3.5% in July from June to a record of \$35.7 billion, riding on the strength of the Canadian dollar. Over the same month, exports edged up 1.4%. Canada's trade surplus narrowed to \$3.7 billion.

Cdn Dollar (US¢/C\$)

September 14, 2007 97.2
September 7, 2007 94.8
2007-08 YTD 92.9

WTI Oil US\$/bbl

September 13, 2007 \$ 80.09
September 6, 2007 \$ 76.30
2007-08 YTD \$ 69.02

Nymex Natural Gas C\$/MMBtu^{*} October Contract

September 14, 2007 \$ 6.56
September 7, 2007 \$ 5.76

^{*}Estimate based on Nymex Futures Market Price

The U.S. government announced this morning that it will allow older Canadian cattle (30 months +) across the border starting November 19th, as the risk of BSE in Canada is "negligible". Since July 2005, only Canadian cattle under 30 months have been allowed into the U.S.

Oil prices closed at a record high of US\$80.09 on Thursday, on a surprisingly large drop in U.S. crude inventories and production problems after Hurricane Humberto hit Texas.

Wheat prices rose to a record US\$9 per bushel this week on news of reduced production in Australia and Canada.

The Canadian dollar soared to a 30-year high of 97.2 US cents today, fuelled by a combination of strong oil prices, a weak U.S. dollar and a strong domestic economy.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date ¹
Manufacturing Shipments (\$ Millions)	July			
Alberta	5,705	1.3%	0.5%	3.7%
Canada	50,008	2.3%	0.4%	0.3%
Housing Starts (000s)²	August			
Alberta	47.9	8.9%	1.7%	-2.7%
Canada	226.5	5.1%	5.5%	-4.2%
New House Price Index (1997=100)	July			
Alberta	253.2	3.1%	20.7%	30.3%
Canada	154.5	0.9%	7.7%	8.9%

Source: Statistics Canada ¹Year-to-date 2007 compared to the same period in 2006. ²Seasonally adjusted at annual rates.